

Council on Postsecondary Education
September 12, 2013

2013-14 Agency Operating Budget

Provided for your information is a summary of agency revenues and expenditures for the new fiscal year, as well as comparative information from FY13. A more detailed version of the FY14 agency budget is available upon request.

The Council experienced an 8.4% reduction in General Fund between FY12 and FY13. There was no mid-year General Fund budget reduction in FY13. The enacted 2012-14 biennial budget (HB 265), calls for flat-funding for most General Fund programs from FY13 to FY14.

It is important to note that the Council's total agency budget does include sources of revenue other than state General Fund, including tobacco settlement funds, cigarette tax revenue, trust funds, federal funds, and agency receipts. From an accounting and budgetary perspective, these funds are channeled through the Council to the appropriate institutions and organizations.

The proposed FY14 agency operating budget is divided into three main parts:

	Budgeted Spending
• Operations	\$ 6.75 M
• Kentucky Adult Education	31.76 M
• Statewide Educational Programs & Services	<u>39.43 M</u>
	\$ 77.94 M

Operations (\$6.75 M)

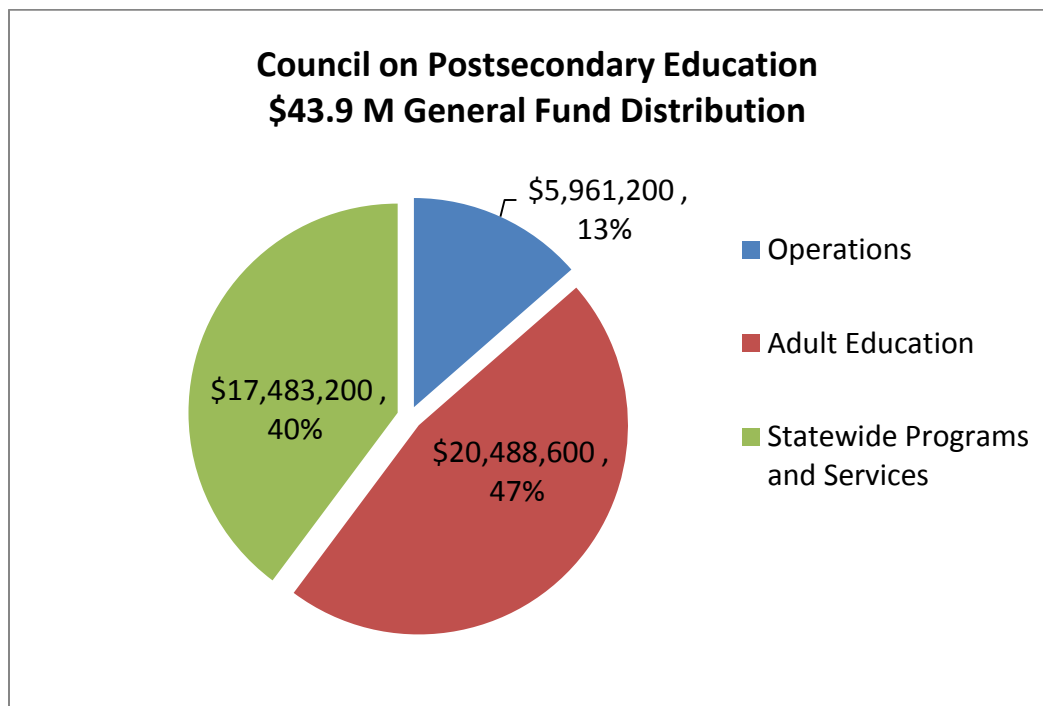
The budget for agency operations supports the traditional expenditures associated with a postsecondary education coordinating board, including funds spent for policy leadership, strategic planning, regulation of the state's postsecondary education system, biennial budget preparation and tuition setting, academic affairs and program review, program administration, administrative services, communications, economic and STEM initiatives, and information, research, and technology.

FY14 Budget Highlights

- Only 13 percent of the Council's FY14 General Fund appropriation is allocated to agency operations (statewide coordination, research, data collection, administration, etc.); 87 percent funds statewide educational programs and services and Kentucky Adult Education.
- A budget reduction of \$140,000 is built into this budget to ensure that a small budget cut would not keep the agency from meeting its obligations were it to occur.

- As with most service agencies, salaries and benefits account for the largest portion of the budget (76 percent of the 13 percent). The category “other professional services,” which represents 6 percent of the Operations budget, supports personnel on contract with the Council. State level coordination of Kentucky Adult Education (KYAE) staff is included in Table 2.
- General Fund dollars currently support 54 full-time and two part-time operations (non-KYAE) staff members, down from 70 staff members in FY08.

Table 1: Operations		
	FY13 Actual	FY14 Budgeted
REVENUE		
Agency Carry-forward Funds	\$845,882	\$1,160,136
General Fund		
Regular Appropriation (less KYAE personnel)	5,900,500	5,961,200
Anticipated Reduction		(140,000)
Agency Receipts	729,586	402,000
Total	\$7,475,968	\$7,383,336
EXPENDITURES		
Salaries and Benefits	\$4,762,805	\$5,095,673
Other Professional Services	450,896	425,500
Rent and Utilities	313,076	383,100
Travel	113,091	131,900
Technology and Equipment	414,956	396,700
Statewide Dues	129,866	164,500
Other Operating Expenses	131,143	153,200
Total	\$6,315,832	\$6,750,573



Kentucky Adult Education (\$31.76 M)

Kentucky Adult Education (KYAE) funding supports both statewide administration in Frankfort and adult education instruction throughout the Commonwealth.

Kentucky Adult Education was transferred to the Council in 2003 to strengthen the link between attaining a GED and the growing need to obtain some type of postsecondary education degree or credential to enhance employability and help bring about other benefits of higher education. Comprehensive adult education programs are offered in every Kentucky county. Services offered include all levels of adult education instruction, English as a second language (ESL), family literacy, corrections education, and workforce education.

In recent years, the Council consolidated various KYAE administrative functions and centralized a number of key support functions with other Council operations. An estimate of Adult Education's portion of CPE salaries and benefits is included in the budget below.

FY14 Budget Highlights

- State General Fund accounts for two-thirds of KYAE's budget. Federal funds make up most of the remaining third.
- About 90 percent of KYAE funding is distributed to the local adult education providers.
- General Fund appropriations support 17 staff members that work for the Council and provide statewide coordination and leadership for KYAE. Staff has been reduced by 10 since FY08.

Table 2: KYAE Statewide Administration and Instruction		
	FY13 Actual	FY14 Budgeted
REVENUE		
Agency Carry-forward Funds	\$9,710	\$68,770
General Fund		
Continuing Appropriation	2,454,400	1,643,959
Regular Appropriation	18,812,206	20,488,600
Federal Funds	10,596,306	12,322,000
Agency Receipts	207,125	240,000
Total	\$32,079,765	\$33,050,600
EXPENDITURES		
Statewide Coordination Salary and Benefits	\$907,201	\$940,000
Program Support	28,268,104	27,868,029
System Support	937,526	600,000
Strategic Initiatives	1,822,670	1,702,710
Administration/Other	71,800	645,000
Total	\$32,007,301	\$31,755,739

Statewide Educational Programs and Services (\$39.43 M)

The Statewide Educational Programs and Services budget is divided into three main sub-components:

- Student Assistance and Educational Support \$ 5.93 M
- Technology and Academic Support \$17.59 M
- Research and Economic Development \$15.90 M
\$39.43 M

Student Assistance and Educational Support (\$5.93 M)

This area of the budget supports the Contract Spaces Program, as well as a small number of educational and college preparation programs that serve mostly underrepresented and at-risk youth and young adults. The Contract Spaces Program provides reserved spaces for Kentucky students at out-of-state veterinary and optometry schools at in-state tuition rates through agreements with the Southern Regional Education Board (SREB) and Indiana University. Contract Spaces accounts for approximately 85 percent of the costs for all of these programs.

FY14 Budget Highlights

- Budget language directs the Council to continue to fund 164 veterinary medicine spaces and 44 optometry spaces for Kentucky residents.
- The FY14 budget funds the increase in tuition assistance required for the Contract Spaces program.

Table 3: Student Assistance & Educational Support		
	FY13 Actual	FY14 Budgeted
REVENUE		
General Fund	\$5,684,644	\$5,931,900
EXPENDITURES		
Contract Spaces Program	\$4,986,444	\$5,201,600
Professional Education Preparation Program	265,100	265,100
Governor's Minority Student College Preparation Program	185,200	185,200
State Autism Training Center	132,400	132,400
SREB Doctoral Scholars Program	71,500	71,500
Washington Internship Program	44,000	76,100
Total	\$5,684,644	\$5,931,900

Technology and Academic Support (\$17.59 M)

This part of CPE's agency budget funds the Kentucky Postsecondary Education Network and the Kentucky Virtual Campus and Virtual Library. Kentucky also benefits from two federal grant programs shown in the following table: GEAR UP and IEQ. GEAR UP encourages at-risk students to prepare for postsecondary education through enhanced guidance and support. The Improving Educator Quality (IEQ) grant focuses on professional development

initiatives for K-12 teachers and administrators. Senate Bill 1 funding, which targets improving college and career readiness rates, is also included in this part of the budget, along with the Equine program.

FY14 Budget Highlights

- GEAR UP was awarded a \$26.9 million, six-year federal grant in October 2011. The previous six-year grant was \$18.5 million.

Table 4: Technology and Academic Support		
	FY13 Actual	FY14 Budgeted
REVENUE		
Carry-forward Funds	\$4,625,918	\$4,086,316
General Fund	5,896,556	5,833,400
Federal Funds	6,772,102	5,671,800
Agency Receipts	2,066,798	1,500,000
Trust Fund Interest	3,273	3,000
Pari-mutuel Tax Receipts	572,411	500,000
Total	\$19,937,058	\$17,594,516
EXPENDITURES		
Statewide Technology Services		
Kentucky Postsecondary Education Network	2,863,153	2,273,100
Kentucky Virtual Campus/Virtual Library	3,186,156	2,015,700
Senate Bill 1 Implementation	1,544,600	1,544,600
Faculty Development	2,000	17,836
Developmental Education Contracts	-	166,009
Other Technology Trust Fund Initiatives	160,156	1,082,426
Other Grant Funded Initiatives	795,583	492,538
KYVC Revolving Loan Fund	0	1,401,477
Equine Program	526,990	905,587
Kentucky GEAR UP Program (Federal Funds)	5,519,560	4,000,000
Improving Educator Quality Grant (Federal Funds)	1,241,199	1,671,800
Regional University Excellence Trust Fund	-	13,974
Postsecondary Workforce Development Fund	-	13,527
Total	15,839,397	17,594,516

Research and Economic Development (\$15.90 M)

The Council's FY14 budget includes a number of statewide research and economic development initiatives, including the Science and Technology Funding Program, Lung (and Ovarian) Cancer Research Program, the Cancer Research Match Program, and the Endowment Match Program. These initiatives are funded through various sources, including state General Fund, tobacco settlement funds, state cigarette tax proceeds (one cent per pack), and trust funds.

The majority of funding that is appropriated to the Science and Technology Funding Program goes to the Kentucky Science and Technology Corporation (KSTC) to fund a number of new economy initiatives that promote research and economic development in all areas of the Commonwealth. Tobacco settlement funds support lung and ovarian cancer research. Cigarette tax receipts must be matched by the institutions and go to support cancer research.

FY14 Budget Highlights

Bond funds to support \$865,000 in Bucks for Brains Matching Funds at ECU are still available in FY14.

Table 5: Research and Economic Development		
	FY13 Actual	FY14 Budgeted
REVENUE		
Carry-forward Funds	\$2,757,477	\$1,023,239
General Fund	5,717,900	5,717,900
Bond Funds	1,500,000	865,000
Interest Earnings	3,664	0
Tobacco Settlement Funds	4,247,800	4,187,800
Cigarette Tax (1 cent per pack)	4,100,485	4,110,000
Total	\$18,327,326	\$15,903,939
EXPENDITURES		
Science and Technology Funding Program		
Kentucky Science & Technology Corporation	\$5,392,571	\$5,392,571
P-16 Engineering Pipeline	242,800	242,800
Research Program Administration	82,608	82,529
Endowment Match Program		
EKU	1,500,000	865,000
Other Programs (funded with interest income)	0	90,272
Cancer Research Institutions Matching Fund (Cigarette Tax)	4,101,703	4,110,000
Lung Cancer Research (Tobacco Settlement Funds)	5,209,081	4,345,767
Ovarian Cancer Screening Program (Tobacco Settlement Funds)	775,000	775,000
Total	\$17,303,763	\$15,903,939